



RENTAL ASSISTANCE DEMONSTRATION

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U.S. Department of Housing and Urban Development

Secretary Julián Castro

"The affordable housing crisis is growing. RAD is part of the solution."

Secretary Julián Castro



RAD Happenings

CBO Trumpets RAD!

The Congressional Budget Office (CBO) recently updated its guide to Federal housing programs, *Federal Housing Assistance for Low Income-Households (September 2015)*. As part of this update, CBO highlighted the RAD program, which had not yet been launched when the last guide was published. According to the CBO report:

"Lawmakers could also increase access to private funds by authorizing an expansion of the Rental Assistance Demonstration Program. Under that program, PHAs convert public housing to project-based rental assistance or to project-based HCVs. The property owners can then renovate or redevelop the units using private sources of financing — such as conventional mortgages — and the LIHTC...An advantage of this option is its potential for improving the condition of properties used to provide assistance."

You may access a copy of the guide by clicking [here](#).

New RAD Case Studies Released

Two new case studies were released in September. The [first](#) features the Tobie Grant conversion in DeKalb, GA, where active and continued resident engagement was a key to success. The Re-development of this functionally obsolete complex will be complete in 2016 and will consist of 452 units of mixed-income housing for seniors and families.

The [second](#) spotlights the Fresno Housing Authority (FH), which is utilizing RAD to help clear a \$100M backlog of capital needs. FH is in the process of converting its entire public housing inventory to RAD, primarily by leveraging RAD with low-income housing tax credits (LIHTCs).

Updated RAD PBRA Quick Reference Guide Published

This month, The Office of Multifamily Housing published an updated PBRA RAD Quick Reference Guide. This guide provides instructions to owners who are seeking to utilize RAD to convert their projects to Project Based Rental Assistance. The update includes new information and guidance on continuing Family Self Sufficiency (FSS) programs at PBRA properties, as current FSS program participants will continue to be eligible for FSS once their housing is converted under RAD. The guide is also updated to reflect changes in the RAD Notice, which was re-published this year (Notice PIH-2012-32 [HA], REV-2).

You may access the guide through the tools section of the [RAD website](#) or by clicking [here](#).

The **Rental Assistance Demonstration (RAD)** allows public housing agencies (PHAs) and owners of HUD-assisted properties to convert units to project-based Section 8 programs, providing an opportunity to invest billions into properties at risk of being lost from the nation's affordable housing inventory. RAD 1st component transactions cover Public Housing units as well as Section 8 Moderate Rehabilitation projects. Units that fall under this component are subject to a unit cap and are limited to current funding. RAD 2nd component transactions cover Rent Supplement (Rent Supp), Rental Assistance Payments (RAP), and Section 8 Moderate Rehabilitation projects. Unlike 1st component transactions, 2nd component transactions are not subject to the cap, but are constrained by the availability of tenant protection vouchers (TPVs). Both components allow housing programs to convert their assistance to long-term, project-based Section 8 contracts, providing a more stable source of funding.

The 1.2 million units in the Public Housing program have a documented capital needs backlog of nearly \$26 billion. As a result, the public housing inventory has been losing an average of 10,000 units annually through demolitions and dispositions. Meanwhile, the 38,000 units assisted under HUD's legacy programs are ineligible to renew their contracts on terms that favor modernization and long-term preservation. The current conditions of many of these properties inhibit investment and recapitalization efforts in the communities with the most need. By drawing on an established industry of lenders, owners, and stakeholders, RAD allows PHAs and owners of HUD-assisted housing to preserve and improve affordable housing units that could be subject to vouchers and demolition. RAD creates greater funding certainty while allowing increased operational flexibility to empower PHAs and owners to serve their communities.

As a result of the FY2015 appropriations bill, the Department has the statutory authority to convert up to 185,000 units through RAD's first component, representing a significant increase from the program's initial 60,000 unit cap. The additional authority will widen program participation, enabling more PHAs and HUD-assisted property owners to ensure access to quality, affordable housing for our nation's low-income families.

Closing Spotlight

Brookland Park Apartments, Richmond Redevelopment and Housing Authority, VA

The Richmond Redevelopment and Housing Authority (RRHA) closed Phase 1 of the redevelopment of its 200-unit Fay Towers high-rise project. In this first phase, the RRHA is transferring 77 units of assistance from Fay Towers to the historic Highland Park School, which will then undergo a full gut rehab. The new complex will be known as Brookland Park Apartments.

Highland Park School will undergo \$7M in construction (~\$90,000/unit). RRHA is utilizing 9% Low Income Housing Tax Credits to fund \$3M of these repairs, with a conventional mortgage and historic preservation tax credits covering the remaining costs.

Over the next several years, the Highland Park development, along with two additional residential projects, will add 200 new affordable apartment homes to Richmond, representing the largest investment in the Six Points neighborhood in decades.

Bringing the Highland Park School structure back into use is part of the broader strategy to spur neighborhood revitalization in the Highland Park area. Together, the RRHA, the City and the Richmond Economic Development Agency are using this project to help stimulate the regeneration process in Six Points.

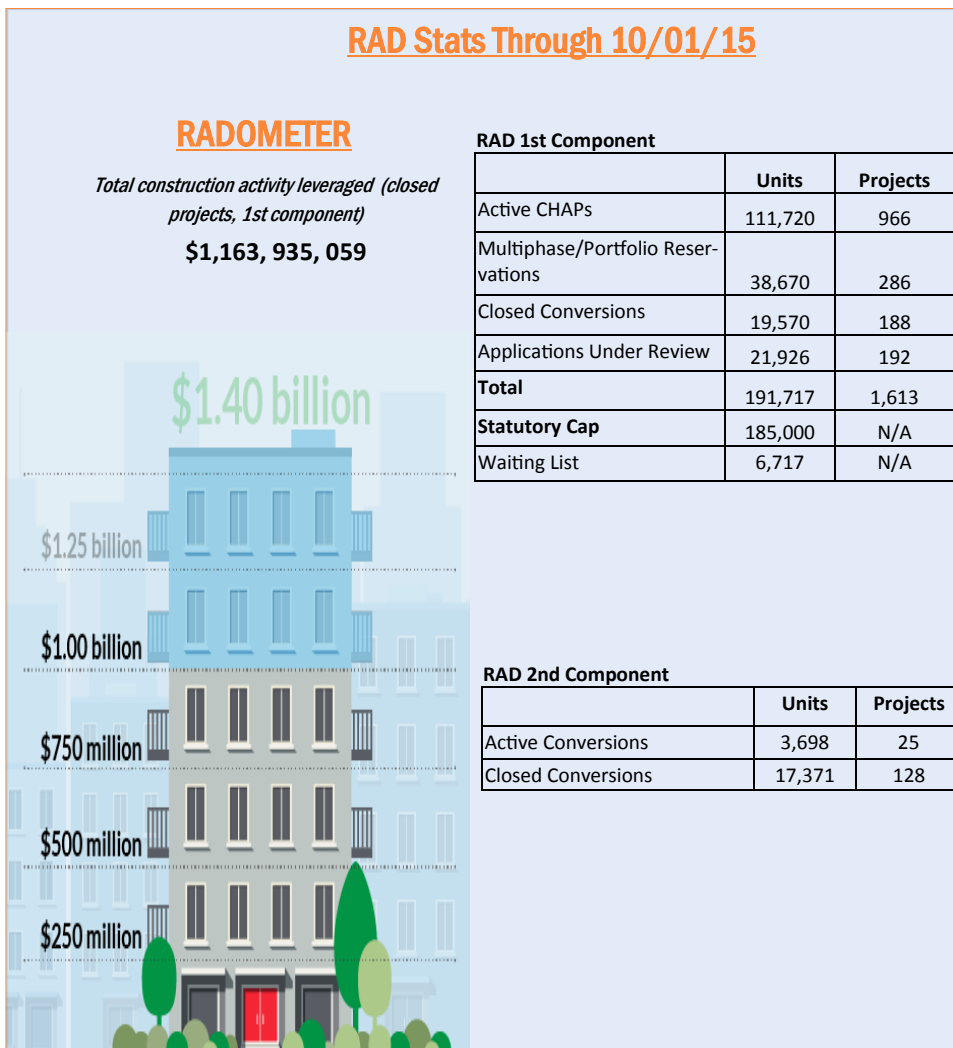
"We have a real opportunity to change our housing stock for the residents we serve in Richmond. For that, we have the Rental Assistance Demonstration to thank."

-Executive Director T.K. Somanath
(Below: Highland Park School)



Project Renovate, Boulder Housing Partners, CO

Boulder Housing Partners (the local housing authority) combined 135 units in four different but adjacent public housing complexes into one RAD conversion. The four sites include: Diagonal Court, Iris Hawthorn, Manhattan and Northport Apartments. Additionally, this transaction was fi-



nanced jointly with two properties (Walnut Place and Kalmia), which had received prior Section 18 approval for physical obsolescence. By combining these two sets of properties into one transaction, Boulder Housing Partners was able to lower its soft development costs, and finance a larger amount of construction across these six properties. The transaction will preserve 285 total units in total, with affordability assisted through Project Based Vouchers (PBVs).

Collectively, the 135 RAD units will receive \$32M in renovations (~\$237K/unit), funded primarily through \$28M in 4% Low-Income Housing Tax Credits. The Iris Hawthorn property in particular had sustained heavy damage during the 2013 Colorado floods. This infusion of funds will allow Boulder Housing Partners to rehab these units and bring them back into service as affordable housing for low-income Coloradans.

"The RAD program was a helpful part of our decade-long vision to transform and recapitalize six Public Housing properties. We'll preserve these essential assets and improve housing conditions for our most economically vulnerable citizens."

-Executive Director Betsey Martens

(Right: Rendering of Walnut Place, post-construction)



For more information about RAD please visit our [website](#) and [resource desk](#). For specific questions please contact the RAD team at RAD@hud.gov. Click [here](#) to sign up for the RAD Mailing List!